

(as prepared for delivery)

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I would like to speak about three things today: the phenomenal success of U.S. food aid since PL 480 was passed 50 years ago; the changing nature of U.S. food aid; and the corresponding need for some of our methods to change in accordance with the times.

On July 10, 1954, President Dwight D. Eisenhower signed Public Law 480 into law. The purpose of the legislation, Ike said, was to “lay the bases for a permanent expansion of our exports of agricultural products, with lasting benefits to ourselves and peoples of other lands.”

Almost 50 years have passed since then and the “lasting benefits” that Eisenhower predicted have come with such regularity that many people take them for granted. I do not.

My first job with the federal government was in the Administration of George H.W. Bush, when I was named director of USAID’s Office of Foreign Disaster Assistance. There I experienced my first complex humanitarian emergencies and saw first-hand the terrible conditions people face as a consequence of natural and man-made disasters. Without the food aid the people of the United States supplied my job would have been hopeless and many millions of people would have died.

Later, I became head of USAID's Bureau of Humanitarian Affairs, where I got to know the PL 480 Title II program in much greater detail. This added substantially to my appreciation for the unparalleled achievements of American agriculture and the intricate workings of a food aid system that can begin with a single farmer in, say, Kansas, and end with the feeding of a hungry child in the Horn of Africa.

I have been directly involved with 15 major humanitarian emergencies – first with the government, then with World Vision, and now with the government again -- and I can tell you that PL 480 has saved more lives than any other program in human history.

Since 1954, Food for Peace has sent more than 106 million metric tons of American food at a cost of about \$33 billion to people in dire need of hope and nourishment in more than 150 countries. We estimate that almost 3.4 billion people directly benefited from this food.

The fact that the United States has sustained this program over 50 years and save so many lives in the process speaks volumes about this nation. But it says something about the people that are in this room today, too, for each of you has played a part. Whether you are farmers, businessmen, grain elevator operators, truckers, bargemen, freight forwarders, PVOs or NGO representatives or government officials – you are all part of an unbroken chain of human achievement that links the farmer in his fields to the famished families half a world away.

The pragmatic Eisenhower and others sponsors of PL 480 (such as Hubert Humphrey) understood the importance of stable markets to farmers and an American agricultural system that had been badly buffeted by the ups and downs of post-war agricultural prices. One of the clear benefits of PL 480, therefore, was its encouragement of American food exports.

Often overlooked in this process are the countries like Brazil, Japan, and Israel, which once received U.S. food aid but now are important purchasers of U.S. agricultural products. Another one-time food aid recipient, South Korea, imported more than \$2.85 billion in U.S. agricultural commodities in 2003. That amount is more than twice our normal Title II budget.

So, far from be afraid of helping countries develop their economies and their agriculture, we should understand how it can help us in the long term.

### **2003 As Historic Year**

I would like to dwell for a moment on the past year, as it was one of the most significant in the recent history of American food aid. In 2003, USAID's Food for Peace Office sent more than 3.2 million metric tons abroad. This fed about 133 million people in Ethiopia, Zimbabwe, Afghanistan, Iraq, Angola, Sudan, North Korea and a few other extremely poor countries.

That is the largest amount of food distributed through Title II since 1985 – the year of the terrible Ethiopian famine -- and one of the largest amounts in the program's 50 year history. In fact, if you add the 401,000 metric tons we

received from the Emerson Trust, last year we distributed more food than any year since 1971. And what is more, our food reached about 133 million people last year, more than we have done in any year in the program's history.

If there was one major difference between 1985 and 2003, it was the fact that there no famine this time. Why? Because over the past 20 years, we have made tremendous technical advances in satellite imagery, weather pattern modeling, and early warning systems. This meant that we were able to predict with considerable accuracy where the crises were going to hit and how much food would be necessary. Thus armed, we purchased enough food early on to save millions of lives.

But here, too, much of the credit goes to the people in this room and people like you, for without your help none of this could have been achieved.

### **Emerging Trends in Food Aid**

Now let me turn to some of the trends we are seeing in food aid.

First is the increasing severity, complexity and magnitude of food security crises. Two and a half years ago, for example, we faced the enormous challenge of feeding millions of Afghans, in one of the most remote and difficult terrains in the world, in the midst of the war against the Taliban and in a country where the United States had had no diplomatic presence for several years.

That was followed by a severe drought in southern Africa, whose effects were exacerbated enormously by the hostility and catastrophic policies of Zimbabwe's Robert Mugabe. Until recently the breadbasket of the region, under Mugabe's despotic rule Zimbabwe has been transformed in the space of a few short years into a regional basket case. But despite our sharp political disagreements with that government, U.S. food shipments never faltered.

In the spring of last year, USAID and the World Food program to put together one of the largest food emergency prevention programs in history in the run-up to the war in Iraq. The supplies we gathered played a major role in ensuring that no food crisis has taken place in the country. Those of you who were here last year may remember me explaining why the urgency of situation made it imperative for us to purchase some food in the immediate region. Hopefully, you will understand if necessity compels us to do something similar in the future.

If possible, the challenge of getting food to millions of people in southern and now western Sudan has been even more difficult. For years, Operation Lifeline Sudan has had to face every conceivable obstacle, including the shooting down of World Food Program aircraft. And yet even in the remotest parts of that country, there are hundreds of thousands of people who have food today, thanks to the PL 480 and the people who put their lives at risk to bring American food to those who have no other means to survive.

And finally, there was Ethiopia again. Fortunately, this is no longer a country wracked by war and absolute despotism. But it remains a nation with little ability to defend its people against the vagaries of a harsh climate. And so, even as we are working with the Ethiopian government and other donor nations on a major program of agricultural reform to break the cycle of food crises in the Horn of Africa, our PL 480 Title II food has been working day and night. And millions of people are alive because of it.

My second point is that is that the rising price of U.S. commodities – due to an aggregate decrease in world food supply – is also driving up our costs. At the same time, shipping costs are also rising, in part because China’s increasing demand for wheat is affecting the market.

Together these factors are beginning to compromise our ability to meet international humanitarian food needs through traditional in-kind methods.

Third, the United States is facing growing trade pressures – particularly from the Europeans -- related to in-kind food assistance that are not entirely within our control. Though we will always strongly support the use of in-kind food assistance, alternatives should be considered in areas where a quick response is critical and access is difficult.

Fourth, some food deficit countries such as India, Zimbabwe, Sudan, Zamiba, and Benin are becoming increasingly unwilling to accept bio-engineered food. Now we all know that this is the same food that Americans have been eating for years with no ill effect, but that fact has not been sufficient to reassure some countries.



## **New Approaches**

The combination of these trends means that we at USAID have little choice but to seek new ways to operate. This does not mean that we are about to abandon our traditional in-kind food assistance programs. Far from it. But it does mean that, given the widely differing conditions we face in the countries where we provide food aid, we must have the flexibility to respond quickly and appropriately.

This means our food assistance must carefully calibrated so as not to increase dependency, disrupt local markets or discourage local agriculture. And it means that we must retain the ability to purchase food locally or regionally when the urgency of a situation means that we do not have the time to purchase in the United States.

Despite many examples of development and progress over the past 50 years, other factors – poverty, weak and corrupt governance, violent conflict, and high rates of population growth – continue to keep demand for international food assistance very high. There are more than 800 million people who go to bed hungry every night. I wish I could tell you that this will change tomorrow, but I cannot. Food aid will be necessary for the foreseeable future, and this country will continue to lead the international effort.

Our food aid will obviously continue to focus on people's short-term food and nutritional needs. But we have to invest in longer-term solutions, as well. It does not make sense to spend hundreds of millions of dollars feeding people in a country like Ethiopia and only a tiny fraction of that to



help them improve their agriculture. We have to make the long term investments that help farmers increase their productivity. We need to focus more on economic growth, on markets, on education, and on micro-enterprise programs that help rural families increase their incomes. And we need to build on our nutrition and fortification programs.

As you know, not all U.S. food aid is given away. In some circumstances we monetize it at full or near full value as a way of generating resources for other programs that are vital to people's health and well-being. Among these are:

- Health and nutrition education for mothers of young children so that they understand the importance of micronutrients and nutrition;
- Modern agricultural training which provides farmers with the knowledge and resources to increase production, such as the improved seed varieties we distributed in Afghanistan and which increased their harvest by 80 percent last year.

In other cases, it makes more sense to sell food in local markets at reduced prices, especially for targeted vulnerable populations. This can make the all the difference in the world at times when local foods are rising rapidly – often an indicator of an impending food crisis.

We have also used various cash-for-work or food-for-work programs to excellent effect in countries like Afghanistan. In one such project we gave a liter of cooking oil to families at the end of every month that their daughters attended school. This has proven a powerful stimulus for girls to stay in

school. Other such projects have put thousands of Afghans to work repairing roads and canals and rebuilding their fields and orchards.

I would like to close by inviting you all to attend to a major food aid conference USAID will host this July in Washington to celebrate the 50<sup>th</sup> anniversary of Public Law 480. This unprecedented partnership between American agriculture and American foreign policy has literally meant the difference between live and death for billions of people over the past half century.

We at USAID are very proud to have played a part in this extraordinary 50-year story and we look forward to another extraordinary 50 years.

Thank you.